

APPOINTMENT OF MEMBER TO PERMANENT SELECT COMMITTEE ON INTELLIGENCE

The SPEAKER pro tempore. Without objection, and pursuant to clause 11 of rule X and clause 11 of rule I, the Chair announces the Speaker's appointment of the following Member of the House to the Permanent Select Committee on Intelligence to fill the existing vacancy thereon:

Mr. CRAMER of Alabama.

There was no objection.

PENSION PROTECTION ACT

(Mr. GUTKNECHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. GUTKNECHT. Mr. Speaker, later today the House will take up a bill called the Pension Protection Act of 2002; and as far as it is concerned, it is a pretty good bill. There is nothing really wrong with it. The problem is it is not strong enough. Most Americans do not know that right now employers have the right to change their pension plan at any moment, even vested employees. And, Mr. Speaker, when we look up in the dictionary the term "vested," it says "settled, fixed or absolute, being without contingency, as in a vested right."

The problem is that employers now have the right to change their pension plan in mid-course. Mr. Speaker, right now there are over 48 million American workers who are over the age of 45. Forty percent of all workers are engaged in what we call "defined benefit plans." Those can be changed and have tremendous cost to those employees.

Mr. Speaker, I have an amendment I would like to offer to that bill to make it clear that employers cannot raid the pension funds for their own benefit and deny people the benefits that they are vested in.

Mr. Speaker, this may be a good bill; but it really is not pension protection. I hope the Committee on Rules will make in order the amendment that I am offering today, and I hope my colleagues will join in supporting it.

Several years ago, thousands of IBM workers in my district came into work one morning to find that the defined pension plan they had been promised had been changed without warning. For years these employees had been able to calculate their future benefits with a pension calculator located on their computer, compliments of IBM. When the plan changed, the calculator disappeared. So did the employees' promised benefits.

Right now, companies can, at any time and for any reason, change a vested employee's pension plan—this is wrong.

Most often this change involves a company converting a traditional, defined benefit plan to a cash-balance plan, which usually results in anywhere from a 20–50% reduction in final benefits.

These conversions disproportionately burden older, career-oriented employees.

Bureau of Labor Statistics indicate there are more than 48 million workers over the age of 45.

More than 40 million workers or their spouses participate or receive benefits from defined benefit plans.

This amendment would:

(1) Provide 90 days notice of any pension plan conversion to all workers.

(2) Give fully vested employees the choice of staying in their current plan or switching to the new, amended plan.

This amendment exempts companies in financial distress from penalties (distress is to be determined by the Secretary of the Treasury, following guidelines set out in ERISA).

This amendment will have no adverse effect on profitable companies that simply keep their promises to their employees.

WHAT DO YOUR CONSTITUENTS THINK "VESTED" MEANS?

DEAR COLLEAGUE: In my dictionary, "vested" is defined as follows:
vested, *adj.* 1. Settle, fixed, or absolute; being without contingency: *a vested right.*

Despite this definition, being "vested" in a pension plan does not mean what most employees think it means. Did you know that companies can, at any time and for any reason, change a vested employee's pension plan? Most often, this change in plans involves a company changing from a traditional, defined benefit pension plan to a "cash balance" pension plan. This usually results in anywhere from a 20–50% reduction in final pension benefits, with long "wear-away" periods during which employees do not accrue any new benefits.

Bureau of Labor statistics indicate there are more than 48 million American workers over the age of 45. The latest Bureau of Labor statistics also show that more than 40 million workers or their spouses participate or receive benefits from defined benefit plans! Many of these 40 million workers fall into the over-45 category. Pension plan conversions disproportionately burden these older, career-oriented employees—those employees who need the most protection.

This is wrong! When companies change their retirement plans in a way that may reduce employee benefits, vested employees should be allowed to stay in the original pension plan that they were promised. Next week, I will introduce the Vested Worker Protection Act of 2002, and I'm looking for original cosponsors. This bill will require healthy companies to:

(1) provide 90 days notice of any pension plan change to all workers; and

(2) give fully vested employees the choice of staying in their current plan or switching to the new, amended plan.

This bill exempts companies in financial distress from penalties, while otherwise healthy companies will be subject to an excise tax should they violate the provisions of this bill.

This bill will have no adverse effect on profitable companies that simply keep their promises to their employees. Support employees in your district by signing on as an original co-sponsor of the Vested Worker Protection Act of 2002. To co-sponsor, please call James Beabout at extension 5-2472.

Sincerely,

GIL GUTKNECHT,
Member of Congress.

APRIL 10, 2002.

DEAR COLLEAGUE: When Congress considered major pension reform in 2000, I proposed an amendment to prevent healthy companies from changing the pension plans to the det-

rimment of their fully vested employees. Unfortunately, the Rules Committee did not allow debate on my amendment.

Congress will revisit pension reform as soon as this week. I strongly feel that any pension reform legislation must include a provision to protect fully vested employees from having their pension plans changed overnight.

Several years ago, thousands of IBM workers in my district came into work one morning to find that the defined benefit pension plan they had been promised had been changed without warning. For years these employees had been able to calculate their future benefits with a pension calculator located on their computer, compliments of IBM. When the plan changed the calculator disappeared. So did the employees' promised benefits.

Most Americans take protection of their pension plans for granted. The Enron situation has demonstrated the need for employees to carefully monitor how their employer handles their retirement benefits. As more companies change their pension plans and reduce future benefits for employees, we must provide, at a minimum, protection for vested workers who are planning for retirement based on promises made by their employers. Strengthening the definition of "vested" and providing employee choice will go a long way toward re-establishing balance and fairness for workers with respect to pensions.

Sincerely,

GIL GUTKNECHT,
Member of Congress.

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SPECIAL ORDERS

The SPEAKER pro tempore (Mr. CULBERSON). Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

PATRICK HENRY: THE VOICE OF A REVOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. PENCE) is recognized for 5 minutes.

Mr. PENCE. Mr. Speaker, in the 1830s, the French observer Alexis de Tocqueville took a road trip through America. We were a very young Nation, less than 60 years old, progressing, as Thomas Jefferson said, "beyond the reach of the mortal eye."

De Tocqueville came to find out for himself whether the great democratic revolution he had been told about was really true. Believing that this young nation would "sway the destinies of half the globe", de Tocqueville wrote, "I sought for the greatness and genius of America in her commodious harbors and her ample rivers, and it was not there; in her fertile fields and boundless prairies, and it was not there; in her rich mines and her vast world commerce, and it was not there. Not until I went to the churches of America and heard her pulpits aflame with righteousness did I understand the secret of her genius and her power."

After all he saw and heard in this young republic, Mr. Speaker, de Tocqueville came to believe that the